

Corrotoman-By-The Bay Association, Inc.
Annual Meeting Minutes
9:00a.m. Saturday August 15, 2020

Call to Order: Deb Beutel, President
Announcements from Board:
Member Input Session:
President's Report to the Annual Meeting: Deb Beutel

Secretary's Report: Carol Greenwalt

Volunteer Recognition: Deb Beutel

Election of Officers: SENTRY MANAGEMENT

The following members were voted to the CBTB BOD for a three-year term:

Deb Beutel
Lea Gallogly
Don Smith

The board selected the following Members of the CBTB BOD as officers:

President: Deb Beutel
Vice President: Kevin McNair
Treasurer: Lea Gallogly
Secretary: Cristian Shirilla

Next Regular Board Business Meeting: Saturday 29 August, 2020 9:00 a.m.
Motion to Adjourn:

Board Member Terms

Lisa Adler (2018-21)	Deb Beutel (2017-20)
Jean Ehlman (2018-21)	Ian Fay (2018-2021)
Lea Gallogly (2017-20)	Carol Greenwalt (2017-20)
Sam Longstreet (2019-22)	Kevin McNair (2019-22)
Cristian Shirilla (2019-22)	

Proposed Schedule of Regular Board Meetings

29 August 2020
12 September 2020
10 October 2020
14 November 2020
12 December 2020

9 January 2021
13 February 2021
13 March 2021
10 April 2021

ANNUAL Meeting Sunday 2 May 2021

CSF Annual Meeting

10 August 2020

	Name	Address	Phone	Mail	Notes
1					
2					
3					
4	John K. ...	1567	35	
5	...	341	4	
6	...	119	4	
7	...	21	13	
8	2	
9	4	
10	112	
11	
12	
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31					

CBTB Annual Meeting
15 August 2020

	A	B	C	D	E
1					
2					
3	<u>Name</u>	<u>Address</u>	<u>No of Lots Owned</u>	<u>Lot Numbers</u>	<u>Signature</u>
4	NICK KLAIBER	1547 Corson	35	526, 2728, 29	<i>Nick Klaiber</i>
5	Brenda J Biggs	33 Wishing Well	4	167, 168, 169, 171	<i>Brenda Biggs</i>
6	Joe Dickens	119 Bayview Dr	4	459-500 259-	<i>Joe Dickens</i>
7	Ellen Hildley	84 Club View Dr	13	55, 56, 106, 93, 94,	<i>Ellen Hildley</i>
8	Sam Langstreet	10509 Barrister Pl	2	96, 116, 117, 118, 100	<i>Sam Langstreet</i>
9				44-445	
10	Cindy Blewett	116 Pine Pl	4	636/637/638/639	<i>Cindy Blewett</i>
11	Robert Wiffert	1515 Corcoran	1 1/2	529/526	<i>Robert Wiffert</i>
12					
13	M. W. Dyer	20 Bay 110	04	748-49	
14	Tom Price	25 Corcoran	1		<i>Tom Price</i>
15	Frederick Olsen	61 Club View Dr	4	72737475	<i>Frederick Olsen</i>
16	Bernie Hall	1614 Corcoran Dr.	1	5	<i>Bernie Hall</i>
17	Milton + Angela Bonden	442 Corcoran Dr.	5	256-260	<i>Milton Bonden</i>
18	ARC Faloutsos	E MEH VIEW	10		<i>ARC Faloutsos</i>
19	Chip Royer	1724 Corcoran Dr.	1	1	<i>Chip Royer</i>
20	Harriet Susan Ragon	14712 Bayview Dr	3		<i>Harriet Ragon</i>
21		Woodbridge VA 22191			<i>Harriet Ragon</i>
22	Harrison Koon	107 Market Post Rd	2	482 + 483	<i>Harrison Koon</i>
23					
24					
25					
26					
27					
28					
29					
30					
31					

**CBTB Sign In
15 August 2020**

"Honesty and transparency make you vulnerable. Be honest and transparent anyway".

Mother Teresa

Name	email
NICK + ALISSON KLAIBER	NICK.KLAIBER@GMAIL.COM
Jean & Bill Ehlman	JEHNORNECK@aol.com
Brenda J Biggs	brendajbiggs@gmail.com
Ken Beutel	ken@beutel.us
Cindy Blevins	popsgirl_2@hotmail.com
JOE Dickens	nivahjo@gmail.com
Ellen Huddy	huddyer@comcast.com
Randy Holman	
Sam Houston	SHHouston@att.net
Cathy Moffett	SHOWMO1678@aol.com
Bob Burkhardt	bobburkhardt@aol.com
Marquitta Dwyer	—
Karen + Jeff Rosenfeld	KARENROSENFELD@gmail.com
Frederick + MARIANNE Olsen	
Marian Ryn	MARIANRYN@comcast.com
Bennett	Bennett
Angela Brandon	bachbrunwona@yahoo.com
Doug + Linda Howe	LindaHowe@gmail.com
Bill + Carol Greenwalt	WILLIAM.GREENWALT.AOL.COM



Corrotoman by the Bay President's Report for Annual Meeting of 15 August 2020

Presented by Deb Beutel



Bottom Line Up Front:

- On 13 July 2019 a Board Member at Large requested some Financial Information from our Previous Accounting Service
- Not only were the Previous Accounting Firms Processes not providing appropriate visibility & financial controls but, the all Volunteer Board had lapsed into a false sense of security by having a contracted “Accounting Service” & had not exercised nor maintained proper Financial Controls, Auditability nor appropriate Checks and Balances.
- I, as President of the CBTB HOA assumed responsibility and did everything possible to correct the situation in order to provide transparency to all CBTB Members and execute our Fiduciary Responsibilities.
- Newly appointed Treasurer, Lea Gallogly and I spent countless hours since 13 July 2020 collecting data, conducting financial forensics and updating internal CBTB Financial Controls
- Although the issues started as far back as 2015, this Board owed it to the Community to fix the situation!



Year in Review - Challenges

- Inability to attain the volunteer workforce required as identified in the 2016 Reserve Study/Financial Analysis necessary to maintain CBTB Association functions and Community Properties.
 - The demographics of todays/owners does not volunteer like past generations, many are still working full-time, have kids in multiple activities or are aging out and no longer can do the heavy lift.
 - The Board is typically down a Board member for many months when one resigns due to lack of a willing pool of volunteers to join the Board.
 - Lack of Training for Board Members on POA Law and Issues has exacerbated legal issues.
- Inability to generate required operational revenue from annual assessments due to large number of delinquencies.
- Inability to Fund Capital Reserve Account annually as required by VA POA and Reserve Study recommendations due to insufficient operating budget.
- Lack of Auditable records and documentation to support more refined budgeting and control of expenditures.
- Board consistently executes “Penny Wise but, Pound Foolish” behaviors by trying to avoid realistic required maintenance and upkeep costs under false mantra that we cannot afford to do it properly.



Year in Review - Successes

- Numerous Social Events
- Numerous Fund Raisers funded new Club House Furniture.
- Community members are using the amenities more now than ever
 - Clubhouse is being used
 - Members using Boat Ramp and Slips
 - Members using Tennis/Pickleball Courts
 - Members using Pool in spite of age and needed repairs
- On 5 October 2029, CBTB Board of Directors approved transition of Association Financial Services to Sentry Management Company for a 12 month contract.
 - Large expenditures will not be paid out by Sentry Management without appropriate Budget and Documentation to Support (No more surprises to Community).
 - Auditable Financial Records and up to date Tax submissions
 - Better budgeting and planning due to accuracy of cost codes and checks and balances.



Wakeup Call

- Some financial anomalies were identified on 13 July 2019
 - Board members took quick and decisive action and investigated thoroughly.
- Previous Accounting Service
 - 3 overdraft incidents (we have paid over \$100 in overdraft fees in 2018)
 - IRS Tax Documents not filed for 2016, 2017, 2018
 - Several VA Tax notices regarding non-compliance
 - Employees not appropriately reported
 - Penalties incurred
 - Incorrect payments processed w/out justification
 - Payments made w/out services being received
 - Lack of responsiveness
 - Incomplete documentation
 - **Lack of Auditability**
 - Homeowners listing not updated or maintained (3 – 5 years out of date)



Need for a Professional Management Company

- Unable to continue with previous accounting firm
- Lack of qualified volunteers within the Community
 - Historically duties performed with volunteers
 - Next generation of CBTB owners do not have the time /expertise to commit
- Community requires experienced Homeowner Association assistance to ensure compliance with State requirements
 - Financial transparency for every property owner required by the Property Owners Act of VA (New Requirements/Controls in effect 1 October 2019)
 - Professional assistance updating property owners records and collecting delinquent accounts



Companies Contacted

- Chesapeake Bay Mgt Inc., AAMC ce Discussed, did not submit a proposal
603 Pilot House Dr Suite 300 month/\$7,200 annually (historically much higher)
Newport News, VA 23606 no penalties for non-compliance
• Inability to exercise better budgeting and cost reductions due to lack of cost
- Community Partners of VA pull financial repo Does not service this area card
730-F George Washington Memorial Hwy itory and lack of salt (trial)
Yorktown, VA 23693 or collection (varies)
• Additional fee for mailing(s)
- Sentry Management Inc with VA Property Offered to provide financial services only
7619 Little River Turnpike, Suite 210 Lordship to Community Breeds Contempt
Annandale VA 22003 y for CBTB and ALL Board Members



Cost to the Community for Previous Support

- Previous Accounting Service
 - Approximately \$600 per month/\$7,200 annually (historically much higher)
 - No contract in place, no penalties for non-compliance
 - Inability to exercise better budgeting and cost reductions due to lack of cost codes and inability to pull financial reports in support of future Board decisions (NO Historical Data Repository and Lack of Audit Trails)
 - Additional fee for Collections (varies)
 - Additional fee for mailing(s)
- **Not in Compliance with VA Property Owners Act**
- **Lack of Good Financial Stewardship to Community Breeds Contempt**
- **Increased Liability for CBTB and ALL Board Members**



Cost for Sentry Management Company

- Sentry Management Company
 - \$1,000 per month/\$12,000 annually
- 12 Month contract required
 - Escalation approximately 3% per year thereafter
- Additional fee for mailing(s)
- Billing collection strategy and support included
 - Coordination of tax filings w/CPA of choice included
 - Facilitates all matters related to liens, accounts sent to attorneys and maintaining data bases for bankruptcy and foreclosure filings
- **Compliance with VA Property Owners Act Statutory Requirements**
- **Increase in Good Financial Stewardship to Community**
- **Decreased Liability for CBTB and ALL Board Members**



Benefits of Sentry Management

- Transparency of the accounts for property owners and entire Board
- Communication with Homeowners prior to and during transition process
- No transition costs to CBTB
- Centralized financial management with appropriate checks and balances. Clear and concise procedures
- Repeatable, Authoritative and Documented processes
- Ability to maintain local Capital Reserve Account



Summary

Issues with Sentry Management

- Board of Directors had fiduciary responsibility to remediate financial irregularities
 - No fiscal oversight
 - Individuals with fiduciary responsibility are directly/individually liable for mismanagement of community funds (includes ALL individuals authorized signatory authority with the financial institutions)
- Initial Temporary stop gap measure(s) effected in July 2019
 - Revised Financial procedures in place with two-person integrity for all check signing
 - All account signature cards updated with current board members.
 - At no time will any financial agreement or contract be discussed or approached with potential vendors without pre-approval for expense identified in Operating Budget and pre-approval from Board of Directors & at least two Board Members present during discussions/negotiations.
 - President and Treasurer have monitored transition of financial accounts to Sentry Management company and continue to discuss challenges and remediations to improve service to Community

Respectfully Submitted, Board of Directors, Corrotoman by the Bay

Summary



Work Remaining to be Done

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Previous Accounting Service was not meeting fiduciary needs of CBTB



Work Remaining to be Done

- Conduct a Survey of CBTB Members to Identify Highest Priority Amenity Upgrades and Services Member want from their Association
 - Survey Monkey Online Survey will be delivered (at no cost to Association by Volunteer)
 - Data will be collected, analyzed and presented back to Community
 - Survey results and Reserve Study will support the creation of a CBTB Strategic Plan with
 - Vision, Mission and Long -Term Goals
 - Define Metrics to measures Board's Annual success
- Rewrite of CBTB Documentation to ensure legal compliance with VA Property Owners Act & other State statues & Local Regulations:
 - Declarations, By Laws and Admin Policy Manual
 - Up to date Documentation will significantly reduce legal expenses.
 - Provide clear guidance to members.
 - Enable Annual Assessments to be adjusted for Inflation in order to support a realistic operating budget.
 - Provide adequate "teeth" to take action against non-compliant members



Proposed CBTB Board Schedule

- 15 August Charter CBTB Documentation Review Committee
 - Committee Members meet virtually weekly to review progress
 - First Draft of Revised Declaration & By Laws NLT 15 October
 - First Draft of Revised Admin Policy Manual NLT 1 January 2021
- 15 August 2020 Initiate CBTB Member Survey Monkey
- Draft FY21-22 Budget Cycle
 - Committee Chairs Identify Draft Budget Requirements for FY21-22 NLT 30 September 2020
 - Finance Committee & Treasurer Review Draft Budget Requirements and Provide Guidance and provide 1st Draft Budget for Board Review to November Board Meeting
 - Changes and updates made to draft Budget and Final Budget provided to December Board Meeting for Approval
 - Approved Budget Forwarded to Sentry to Inclusion in Annual Assessment Mailing NLT 30 January
 - Annual Assessment Mailing NLT 15 February with due date of 1 February

Questions?





Fin. Back-up Slides Provided with Basic Contract

Item	Description	Quantity	Unit	Price	Total
1	1000	1			
2	2000	1			
3	3000	1			
4	4000	1			
5	5000	1			
6	6000	1			
7	7000	1			
8	8000	1			
9	9000	1			
10	10000	1			

Financial Services Provided with Basic Contract



Service/Duties	Basic Cost	Additional Cost	Comments
Up to date on HOA laws . Amending/restating governing documents would be additional as would be creating resolutions.	X	X	Amending/restating governing documents would be additional as would creating resolutions.
Maintaining & Updating documentation. For admin/general/financial documentation only	X		
Develop Preliminary Annual Budget (90 days in advance) assistance with Reserve Budget preparation	X		
Basic includes processing/paying vendor invoices	X		
Assist with enforcing governing documents		X	
Planning ;& Reviewing/Maintaining schedules		X	
Contract Review and Coordination		X	

Financial Services Provided with Basic Contract



Service/Duties	Basic Cost	Additional Cost	Comments
Obtaining Competitive Bids		X	
Monthly Board Pkg: Monthly financials & financial action items only. No agenda or minutes	X		
Newsletter for Board Members regarding financial/legal matters, insurance; disaster preparedness etc		X	
Community portal for homeowners to assess/review their individual accounts	X		
Payment Options (5 total) available to homeowners	X		
Maintain & Report following financial documents: Revenue & Expense comparison; monthly transaction register; actual accounts credited/debited; check register (all checks written); accounts payable; invoices pending approval; purchase journal (monthly) general ledger; summary of assets/liabilities/revenue and expenses.	X		

Financial Services Provided with Basic Contract



Service/Duties	Basic Cost	Additional Cost	Comments
Access to all financial for all board members via Board Member Portal	X		
Process all invoices & reimbursements; void/reissue checks; verify/issue refunds and maintain vendor records for tax and insurance purposes	X		
Post payments to individual homeowner accounts. Notify of returned items ;& process refunds	X		
Facilitate all matters related to liens, accounts sent to associations attorneys and maintaining data bases for bankruptcy and foreclosure filings	X		
Billing collection strategy and support Coordination of tax filings with CPA of choice	X		

Financial Services Provided with Basic Contract



Service/Duties	Basic Cost	Additional Cost	Comments
Assistance to the Board Members for financial and administrative issues only	X		
Tracking association and vendor insurance	X		
Administration of governing documents		X	
DPOR/SCC are included	X		
Records administration; maintain official records	X		
Title searches	X		
Mailings		X	
Special assessment facilitation		X	